

State of Alaska FY2008 Governor's Operating Budget

Department of Natural Resources Large Project Permitting Component Budget Summary

Component: Large Project Permitting

Contribution to Department's Mission

This component protects and advances State and public interests concerning major private and federal developments and policy initiatives to enhance the State's economy, quality of life, and natural resource values.

Core Services

Coordinate State review and permitting for large complex resource development projects, which include hard rock mining projects, oil and gas projects, and transportation projects.

Coordinate State participation in federal land use planning efforts that lay the groundwork for successful resource development, wise stewardship of state resources, and continued opportunities for access, and public uses such as recreation, hunting and fishing. Coordinated multi-agency planning ensures that multiple departmental interests, authorities and jurisdictions are properly recognized in adopted federal land management strategies.

Coordinate State participation in ANILCA implementation issues to ensure the State of Alaska's multiple departmental interests, authorities, and jurisdictions are properly recognized in federal decision making. Participation ensures that the 100 million acres of federal conservation system units are managed consistent with Congressional intent to protect tourism and resource development opportunities and maintain opportunities for traditional activities and access.

Manage a collaborative approach between state, federal and local resource agencies and land managers to address North Slope resource information needs through the North Slope Science Initiative.

End Results	Strategies to Achieve Results
<p>A: Facilitate responsible resource development through project management, review, stewardship, and permitting services.</p> <p><u>Target #1:</u> 100% of large resource development projects are reviewed, expedited, coordinated, and shepherded through the state permitting system by knowledgeable and experienced project managers.</p> <p><u>Measure #1:</u> Every large resource development project that proposes to fund the state's review activities has a Project Manager or Coordinator assigned to it.</p>	<p>A1: Assign project managers to manage state agency and local government representatives in identifying permitting requirements, baseline information needs, establishing timelines, and minimizing duplication of process.</p> <p><u>Target #1:</u> Research and identify project manager candidates and agency (state and local) personnel for large resource development permit reviews.</p> <p><u>Measure #1:</u> Number of candidates and personnel identified and utilized for permit reviews.</p> <p>A2: Establish agreements with federal and state agencies to cooperatively assign personnel and resources to expedite project reviews.</p> <p><u>Target #1:</u> Negotiate and sign MOUs for all large resource development projects with applicable state and federal agencies.</p> <p><u>Measure #1:</u> MOUs signed that ensure the required personnel, resources, and process design are adequately funded to meet the review and permitting schedule.</p> <p>A3: Secure funding and support to continue participating in the review of trans-boundary projects located in Canada.</p>

	<p><u>Target #1:</u> Negotiate and sign RSAs with other state or federal agencies to secure funding to review and comment on trans-boundary projects.</p> <p><u>Measure #1:</u> RSAs signed that ensure the required personnel and resources are adequately funded to meet the review and commenting schedule set forth by the Canadian Federal Agencies and British Columbia.</p>
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Major Activities to Advance Strategies

<ul style="list-style-type: none"> • Administrative functions to manage grants • Recruit and hire qualified OPMP staff • Facilitate improved day-to-day coordination and communication among state and federal resource agencies • Complete Memorandums of Understanding with federal and state agencies to develop specific review procedures • Assign Project Managers as resource development projects are proposed • Identify information required from resource developers to initiate the State permitting process • Establish permitting timelines for projects 	<ul style="list-style-type: none"> • Coordinate state agency activities to expedite project review and permitting • Presentations at public and industry forums to improve understanding of resource projects • Work to integrate and simplify federal and state permitting processes • Eliminate duplication of information requirements and permit stipulations • Advocate for appropriate ANILCA implementation that protects state interests • Advocate for federal policies that accommodate access, tourism, and resource development and state management needs and responsibilities
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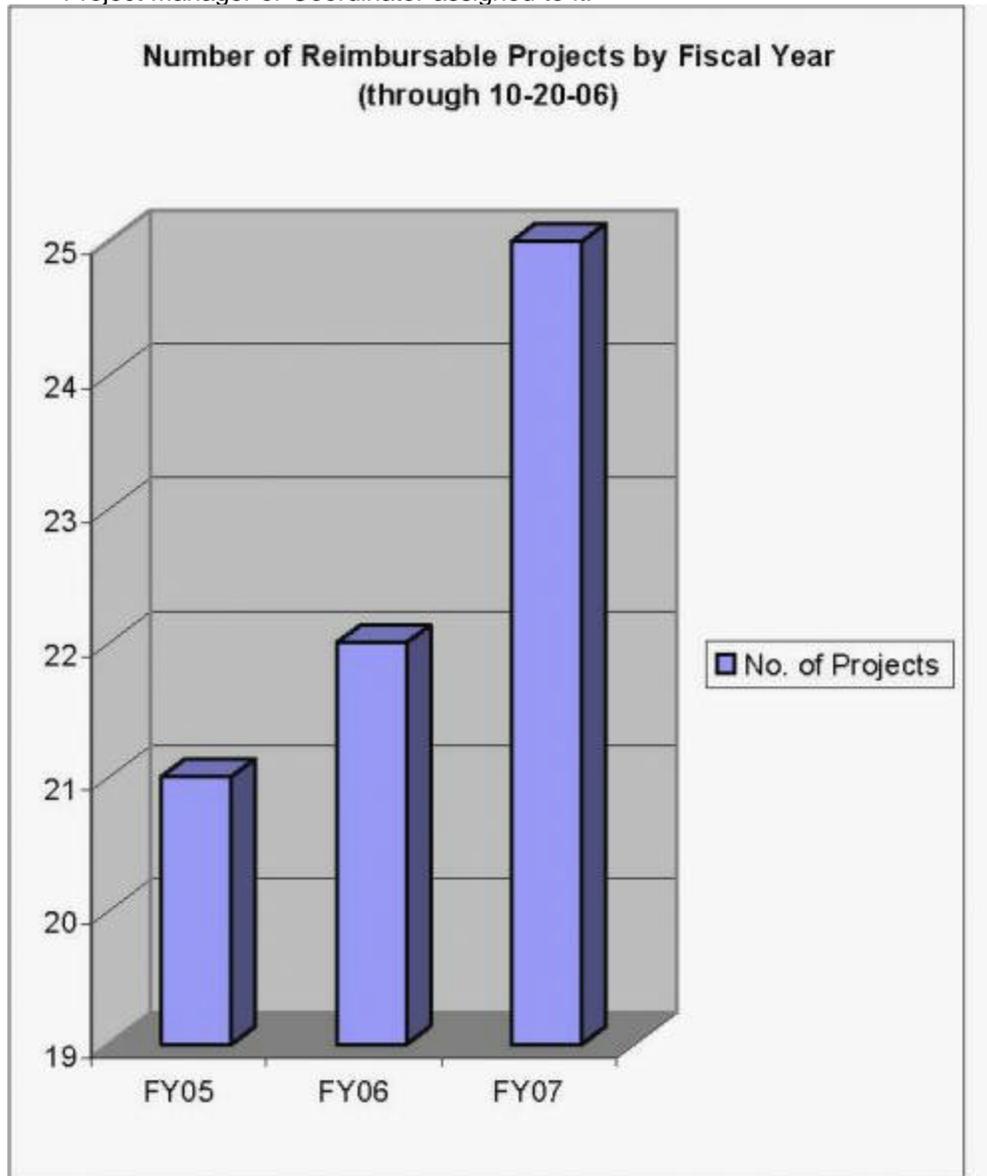
FY2008 Resources Allocated to Achieve Results

<p>FY2008 Component Budget: \$3,412,300</p>	<p>Personnel:</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Full time</td> <td style="text-align: right;">12</td> </tr> <tr> <td>Part time</td> <td style="text-align: right;">0</td> </tr> <tr> <td>Total</td> <td style="text-align: right; border-top: 1px solid black;">12</td> </tr> </table>	Full time	12	Part time	0	Total	12
Full time	12						
Part time	0						
Total	12						

Performance Measure Detail

A: Result - Facilitate responsible resource development through project management, review, stewardship, and permitting services.

- Target #1:** 100% of large resource development projects are reviewed, expedited, coordinated, and shepherded through the state permitting system by knowledgeable and experienced project managers.
- Measure #1:** Every large resource development project that proposes to fund the state's review activities has a Project Manager or Coordinator assigned to it.



Number of Project Managers/Coordinators by Fiscal Year

Fiscal Year	Project Managers
FY 2005	6
FY 2006	7
FY 2007	7

Analysis of results and challenges: Every large resource development project has a Project Manager or

Coordinator assigned to it. Although OPMP does not (and cannot) control the amount of resource development that is proposed in the State, it can respond to proposals and offer project management services to promote the responsible development of the State's resources. As can be seen by the graph, the number of large resource development projects that OPMP is coordinating is increasing. This is a reflection of the superior service that OPMP offers in project management, review, stewardship, and permitting services. Similarly significant and indicative of the success and value of the OPMP services is the amount of funding resource development applicants are providing to OPMP to manage their projects. This past fiscal year (FY06), OPMP secured \$1.6 million in funding to manage projects. For this fiscal year (FY07), OPMP has already secured \$1.8 million in funding to manage projects. Trend-wise, these data indicate that OPMP continues to consistently achieve a high level of project management services, and is embraced by the industry and state agencies as promoting responsible resource development through superior project management.

Such project management success can be seen in the recent final permitting for the Pogo Mine, the Kensington Mine, and the Rock Creek Mine.

A1: Strategy - Assign project managers to manage state agency and local government representatives in identifying permitting requirements, baseline information needs, establishing timelines, and minimizing duplication of process.

Target #1: Research and identify project manager candidates and agency (state and local) personnel for large resource development permit reviews.

Measure #1: Number of candidates and personnel identified and utilized for permit reviews.

Analysis of results and challenges: Listed below are the projects that large project team members are assigned, involved with, and/or that include a permitting aspect that OPMP coordinates:

Large Mine Projects: Donlin Creek with Placer Dome US; Red Dog Mine with Teck Cominco AK, Inc.; Greens Creek Mine with Kennicott Greens Creek Mining Co.; Pogo Mine with Teck-Pogo, Inc.; Ft. Knox and True North Mine, and Gil Project with Fairbanks Gold Mining, Inc.; Pebble Copper Gold with Northern Dynasty; Rock Creek Project with Alaska Gold Co.; Kensington Mine with Coeur Alaska; Chuitna Coal Project with PacRim Coal, LP; Niblack Project with Niblack Mining Corporation; Canadian Mine Project Reviews (Tulsequah Chief Mine, Galore Creek Mine, and Premier-Westin Mine cleanup Project) with Dept. of Fish and Game.

Large Projects and Planning: Resource Road Development Projects with Dept. of Transportation and Public Facilities; Alaska Railroad Northern Rail Extension Project; Knik Arm Crossing Project; Liberty Oil Field Development and Production Project; South NPR-A with Bureau of Land Management; King Cove Land Exchange Negotiations; Ring of Fire, East Alaska, Kobuk-Seward, Bay Area, and White Mountain Resource Management Plans/EIS with Bureau of Land Management.

ANILCA: ANILCA implementation by the National Park Service, US Fish and Wildlife Service, US Forest Service, and Bureau of Land Management. Includes efforts to influence a continuing stream of ANILCA plans, policies, and regulations.

North Slope Science Initiative: Coordination, leadership, and guidance for the development and implementation of activities identified by/through the North Slope Science Initiative.

A2: Strategy - Establish agreements with federal and state agencies to cooperatively assign personnel and resources to expedite project reviews.

Target #1: Negotiate and sign MOUs for all large resource development projects with applicable state and federal agencies.

Measure #1: MOUs signed that ensure the required personnel, resources, and process design are adequately funded to meet the review and permitting schedule.

Analysis of results and challenges: To date, all MOUs have been signed with resource development companies.

A3: Strategy - Secure funding and support to continue participating in the review of trans-boundary projects located in Canada.

Target #1: Negotiate and sign RSAs with other state or federal agencies to secure funding to review and comment on trans-boundary projects.

Measure #1: RSAs signed that ensure the required personnel and resources are adequately funded to meet the review and commenting schedule set forth by the Canadian Federal Agencies and British Columbia.

Analysis of results and challenges: RSA has been signed with the Dept. of Fish and Game and interagency teams are currently monitoring and reviewing permitting progress for the Tulsequah Chief Mine, the Galore Creek Mine, and the Premier-Westin Mine cleanup project.

Key Component Challenges

The establishment of the Large Project Permitting component within OPMP has expanded DNR's role and participation in development of natural resources and federal land use planning. As new development projects and federal planning exercises are moved forward, OPMP will be required to ensure that the designated Project Manager and Large Project Coordinator positions are staffed with qualified individuals in order to efficiently and expeditiously manage the State's involvement with implementation of the National Environmental Policy Act (NEPA); state/federal permitting processes; and federal plans, policies, and regulatory actions.

LPP is experiencing a high demand for state involvement in ANILCA issues, including new ANILCA initiatives from the US Forest Service. The National Park Service is maintaining its commitment to partially funding the assistant ANILCA Coordinator; however, DNR and ADF&G lost funding from the US Fish and Wildlife Service (USFWS) in December 2005. The increased ANILCA activity and lost USFWS funding place greater demands on OPMP's efforts to influence the development of land use plans and policies needed to ensure public access and uses and state management activities on federal land in Alaska.

Significant Changes in Results to be Delivered in FY2008

1. An agreement for Pt. Thomson project coordination was entered into between the Department of Natural Resources and Exxon Mobil on September 23, 2002, and FY03 authorization was granted by Legislative Budget and Audit (LB&A) on RPL #10-3-4044 (approved October 3, 2002). This project has been put on indefinite hold by Exxon/Mobil.
2. Initially, the BLM invited the State to partner with them in a cooperating agency relationship on the "Ring of Fire" and East Alaska Resource Management Plans. Planning efforts have since expanded to include the Kobuk Seward Peninsula and Bristol Bay. BLM funded a State Project Coordinator position through an Interagency Personnel Agreement. This position is the State's lead contact for all BLM Resource Management Plans and coordinates the participation of all state agencies in BLM planning efforts. Responsibilities include continued close coordination with BLM planners and state agency program managers, the development of coordinated, consolidated state comments on draft and final documents, and participation in technical planning meetings. Resource Management Plans will establish long-term multiple-use management strategies for four distinct planning areas:
 - Ring of Fire planning area: 1.3 million acres in Southeast Alaska, Southcentral Alaska, the Alaskan Peninsula and the Aleutian Islands;
 - East Alaska planning area: 7.6 million acres in the Copper River Basin and Bering Glacier Areas;
 - Kobuk Seward planning area: 12.9 million acres in western and northwestern Alaska;
 - Bay Area planning area: 3.6 million acres of BLM administered land in the Bristol Bay and Goodnews Bay areas.
3. An agreement for a designated State of Alaska representative for the National Petroleum Reserve Alaska (NPR-A) planning was entered into between the Department of Natural Resources and the Bureau of Land Management (BLM) on August 29, 2002, and FY03 authorization was granted by Legislative Budget and Audit (LB&A) on RPL #10-3-4038 (approved October 3, 2002). This agreement was modified to include state participation for completing the NPR-A Northwest EIS, revisions to the NPR-A Northeast EIS, and other North Slope issues on BLM lands as

required. This request provides authorization for continuation of this agreement into FY07 for NPR-A South planning which is expected to be completed in 2009.

The NPR-A Project State Representative acts as the State's lead contact for NPR-A planning and coordinates participation of state agencies in the IAP/EIS process. Responsibilities include close coordination with the federal BLM and Minerals Management Service staff; the development of coordinated state agency comments on the IAP/EIS; communication with the North Slope Borough, environmental community and other stakeholders; and participation in technical and scientific meetings.

4. The Colville River Industrial Road project was shelved in late 2004. The LPP RSA with DOT&PF was refunded shortly after receipt of the \$3.2 million FY2005 Supplemental-Governor allocation to DNR to establish a road/pipeline corridor on the Eastern North Slope (Bullen Pt. Project.) The DNR Commissioner's Office, through the OPMP/LPP component, assigned a project manager to: 1) Work with DOT&PF to secure a contractor to provide engineering, surveying, geotechnical, hydrological, and environmental services required for permitting the projects, 2) Establish and fund a state project team to work on permitting issues, and 3) develop pipeline ROW lease applications for oil and gas lines. DNR has committed to funding 20% of the contractor costs, while DOT&PF will cover the remainder. The estimated project dates for expenditure of the \$3.2 million supplemental are from March 1, 2005 to June 30, 2007.
5. LPP expects to receive permit applications in FY2007 for the Pebble Project, a potential Copper-Gold mine near Lake Iliamna. In FY2008, LPP expects to be fully engaged in coordinating state permitting activity and participation in the NEPA process for this project. The Pebble Project could employ over 1000 workers, and could contain 16.5 billion pounds of copper and 25 million ounces of gold.
6. LPP expects to receive permit applications in FY2007 for the Donlin Creek Project, a potential Gold mine southwest of McGrath. In FY2007, LPP expects to be fully engaged in coordinating state permitting activity and participation in the NEPA process for this project. The Donlin Creek Project could employ over 300 workers, and could contain 12 million ounces of gold. In FY2007 and 2008, LPP expects to be fully engaged in coordinating state permitting activity and participation in the NEPA process for this project.
7. LPP expects to review, process, and possibly issue operating permits for the Rock Creek Project near Nome. This mine project could employ over 100 workers, and produce 500,000 ounces of gold.
8. The Alaska Rail Road and U.S. Army is funding an LPP team member to move forward with review and permitting for the development of rail access to the Tanana Flats Training Area, Fort Wainwright, Delta, and Fort Greely.
9. The North Slope Science Initiative (NSSI) was formalized in the federal Energy Bill signed into law August 8, 2005. Funding for the federal share of this initiative is included in the federal FY07 budget. The Initiative assumes that the State of Alaska will share towards the administrative costs of this effort. Refinement of the project database and expansion of the GIS data management system working collaboratively with the UAF Geographic Information Network of Alaska will continue. Priority information needs identified by the Oversight Group advised by the Science Technical Group will be addressed.
10. Large Project Permitting (LPP) expects to receive permit applications for the Chuitna Coal Project in FY2007. LPP expects to be fully engaged in coordinating state permitting activity and participation in the NEPA process for this project in FY 2007. The Chuitna Coal Project, located across Cook Inlet from Kenai, could produce from 3 to 10 million tons of coal for export annually.

Major Component Accomplishments in 2006

1. Coordination of state review team participation in the Bureau of Land Management National Petroleum Reserve-Alaska South planning effort. Assist BLM in securing ADEC staff contact to write the Air Quality section of the BLM NPR-A South planning document.
2. Assist the Knik Arm Bridge and Toll Authority and the Federal Highway Administration with permitting and development of an Environmental Impact Statement for construction of a bridge across Knik Arm connecting the Municipality of Anchorage and the Mat-Su Borough. Coordination of state review team participation in interdisciplinary team meetings, and review of preliminary draft Environmental Impact Statement and public review draft Environmental Impact Statement.
3. Coordination of state review team participation in interdisciplinary team meetings to establish baseline data

- requirements for NEPA compliance and permitting of the Alaska Railroad Northern Rail Extension Project.
4. Assist ADOT&PF in contract management and distribution of data and reports to state permitting team for the Bullen Point industrial road project.
5. Continuing discussions with the US Fish and Wildlife Service to seek a land exchange in Izembek National Wildlife Refuge for the purpose of constructing an all-season road from King Cove to Cold Bay.
6. Established Memorandum of Agreement (MOU) with British Petroleum Exploration Alaska (BPXA) and ADNR for pre-application work and permit processing for the Liberty Development Project.
7. Coordinated State interagency efforts on the Pogo Mine to oversee operation of the mine.
8. Coordinated efforts to address various regulatory issues affecting the True North and Ft. Knox gold mines, including review of the proposed addition of a heap leach facility at Fort Knox Mine.
9. At the invitation of the US Forest Service and Green's Creek Silver Mine, the LPP participated in federal-state environmental reviews of operation at the site near Juneau. Also coordinated modifying the state's solid waste permit.
10. Coordinated interagency efforts at the Red Dog Zinc Mine to address the need for a solid waste permit, reclamation plan renewal, NPDES permit renewal, and estimating an appropriate reclamation bond.
11. Coordinated preliminary interagency permitting efforts for the Donlin Creek Project including discussions with federal agencies (EPA and USACE). LPP expects to receive the permit applications for this mine in FY2006, and will start coordinating the state agency review of these permit applications.
12. Coordinated preliminary interagency permitting efforts for the Pebble Copper Gold Project, including discussions with Federal agencies (EPA, USACE, USFWS, NMFS, and NPS).
13. Coordinated preliminary interagency permitting efforts for the Rock Creek Gold Project, including discussions with Federal agencies (EPA, USACE, and USFWS). LPP received permit applications in FY2006.
14. Coordinated preliminary interagency permitting efforts for the Gil Gold Project, including discussions with Federal agencies (EPA, USACE, and USFWS).
15. Participated on interdisciplinary teams developing alternative management strategies for BLM managed lands in the Bristol Bay and Kobuk-Seward planning areas, working to achieve consistency with existing state management strategies for adjacent state lands and state selected lands.
16. Coordinated State review and prepared and submitted consolidated State comments on the BLM Final East Alaska Resource Management Plan/EIS and the draft and Final Ring of Fire Resource Management Plan/EIS, securing additional state selection opportunities
17. Coordinated State review and prepared and submitted comments on the Draft Kobuk Seward Resource Management Plan/EIS.
18. Coordinated State review and prepared and submitted comments on the prepublication draft of the Draft Bay Area Resource Management Plan//EIS.
19. Coordinated the Governor's Consistency Review of the East Alaska and Ring of Fire Proposed Resource Management Plans and Final Environmental Impact Statements.
20. Prepared and submitted consolidated State comments on the BLM Draft East Alaska Resource Management Plan/EIS and the prepublication draft of the Ring of Fire Resource Management Plan/EIS.
21. Successful recognition of ANILCA transportation and utility corridors within national wildlife refuges in Alaska.
22. Protection of the rights of national park inholders.
23. Completion of a two-year multi-agency effort to define how ANILCA modifies wilderness management in Alaska.
24. Increased recognition of traditional subsistence ORV access in the national park system in Alaska.
25. Coordinated State Agency efforts for the Kensington Project, including the drafting and release of the FEIS, and the issuance of all the necessary operating permits.
26. Continued discussions with Canadian officials to coordinate State agency input to the Tulsequah Chief Mine Project the Galore Creek Mine Project, and the Premier Westin Mine Cleanup Project, located in Canada near Juneau.
27. Revised the Charter for the North Slope Science Initiative Oversight Group to conform with language in the Energy Policy Act. The Oversight Group consists of the Commissioner, Dept. of Fish and Game; Commissioner, Dept. of Natural Resources; State Director, BLM; Regional Directors of FWS, USGS, MMS, NPS, NMFS, Mayor of the North Slope Borough, and President of Arctic Slope Regional Corporation.
28. Charter for NSSI Science Technical Group was signed by the Secretary of Interior and members were appointed by the Secretary.
29. Constructed database of 561 current research, inventory and monitoring projects to enable increased collaboration between agencies, university and industry on North Slope activities.
30. Initiated development of a North Slope GIS data management system in collaboration with the Geographic Information Network for Alaska at UAF, incorporating data layers from member agencies.
31. Coordinated with federal agencies in permitting of operations located on federal lands such as Greens Creek Mine and Kensington Mine Project.

32. Assisted ADOT&PF with facilitating the permitting and development of “roads to resources” such as Bullen Point Road, and the Pebble Mine Port and Road Project.
33. Coordinate Alaska review of trans-boundary Canadian mine projects which have the potential to affect Alaskan waters and fisheries.
34. Assist the Alaska Railroad and U.S. Army with the development of surface access to the Tanana Flats Training Area, Fort Wainwright, Delta, and Fort Greely.
35. Assist the Knik Arm Bridge and Toll Authority and the Federal Highway Administration with permitting and development of an Environmental Impact Statement for construction of a bridge across Knik Arm connecting the Municipality of Anchorage and the Mat-Su Borough.
36. Provided oversight to closure and reclamation of the Illinois Creek Mine.

Statutory and Regulatory Authority

AS 27
AS 38
11 AAC

Contact Information

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Large Project Permitting Component Financial Summary

All dollars shown in thousands

	FY2006 Actuals	FY2007 Management Plan	FY2008 Governor
Non-Formula Program:			
Component Expenditures:			
71000 Personal Services	597.0	1,361.1	1,500.3
72000 Travel	37.8	39.0	79.0
73000 Services	783.7	1,322.7	1,819.6
74000 Commodities	13.1	18.4	13.4
75000 Capital Outlay	0.0	0.0	0.0
77000 Grants, Benefits	0.0	0.0	0.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	1,431.6	2,741.2	3,412.3
Funding Sources:			
1002 Federal Receipts	305.4	698.9	714.4
1007 Inter-Agency Receipts	60.0	282.4	164.4
1061 Capital Improvement Project Receipts	20.1	0.0	0.0
1108 Statutory Designated Program Receipts	756.9	1,264.7	1,965.0
1153 State Land Disposal Income Fund	289.2	495.2	568.5
Funding Totals	1,431.6	2,741.2	3,412.3

Estimated Revenue Collections

Description	Master Revenue Account	FY2006 Actuals	FY2007 Management Plan	FY2008 Governor
Unrestricted Revenues				
None.		0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0
Restricted Revenues				
Federal Receipts	51010	305.4	698.9	714.4
Interagency Receipts	51015	60.0	282.4	164.4
Statutory Designated Program Receipts	51063	756.9	1,264.7	1,965.0
Capital Improvement Project Receipts	51200	20.1	0.0	0.0
State Land Disposal Income Fund	51434	289.2	495.2	568.5
Restricted Total		1,431.6	2,741.2	3,412.3
Total Estimated Revenues		1,431.6	2,741.2	3,412.3

**Summary of Component Budget Changes
From FY2007 Management Plan to FY2008 Governor**

All dollars shown in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2007 Management Plan	0.0	698.9	2,042.3	2,741.2
Adjustments which will continue current level of service:				
-FY 08 Health Insurance Increases for Exempt Employees	0.0	0.5	1.6	2.1
-Fund Source Adjustment for Retirement Systems Increases	0.0	-25.1	25.1	0.0
Proposed budget decreases:				
-Reduce I/A and Federal Authorization	0.0	-5.0	-118.1	-123.1
Proposed budget increases:				
-Increased Authorization for Special Projects started in FY07	0.0	0.0	270.0	270.0
-Increased Authorization for Special Projects started in FY08	0.0	0.0	380.0	380.0
-FY 08 Retirement Systems Rate Increases	0.0	45.1	97.0	142.1
FY2008 Governor	0.0	714.4	2,697.9	3,412.3

**Large Project Permitting
Personal Services Information**

Authorized Positions			Personal Services Costs	
	<u>FY2007</u> <u>Management</u> <u>Plan</u>	<u>FY2008</u> <u>Governor</u>		
Full-time	12	12	Annual Salaries	965,486
Part-time	0	0	Premium Pay	6,772
Nonpermanent	0	0	Annual Benefits	543,328
			<i>Less 1.01% Vacancy Factor</i>	<i>(15,286)</i>
			Lump Sum Premium Pay	0
Totals	12	12	Total Personal Services	1,500,300

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Anilca Coordinator	1	0	0	0	1
Exec Dir North Slope Science	1	0	0	0	1
Large Mine Project Manager	1	0	0	0	1
Large Project Coordinator	5	1	2	0	8
Natural Resource Spec III	1	0	0	0	1
Totals	9	1	2	0	12